

**Senate Standing Committee on Environment and Communications**

**Answers to Senate Estimates Questions on Notice**

**Budget Estimates Spill-over Hearing June 2017**

**Communications Portfolio**

**NBN Co Limited**

**Question No: 326**

**NBN Co Limited**

**Hansard Ref: Written, 27/06/2017**

**Topic: Activation capacity**

**Senator Urquhart, Anne asked:**

With reference to Exhibit 13: Scenario analysis of key sensitivities in the 2017 NBN Corporate Plan:

- (a) Please clarify what is meant by HFC activation capacity?
- (b) Please provide underlying assumptions as to how a 20 per cent decrease in HFC activation capacity would increase peak funding by \$1 billion.
- (c) Please provide underlying assumptions as to how a 12 month advancement of business revenue would reduce peak funding by \$1 billion?

**Answer:**

- (a) HFC activation capacity refers to the volume of new activations that nbn is able to achieve per month
- (b) A 20 per cent decrease in ongoing HFC activation volumes would result in 20 per cent fewer cumulative activations at the time of peak funding, and a cumulative \$1 billion adverse cashflow impact. In approximate values, the \$1b adverse cashflow is due to a cumulative 420,000 fewer activations at the time of peak funding, resulting in lower revenue at an ARPU of \$47 per month, partially offset by a delay in customer connection costs.
- (c) A 12 month advancement of business revenue would occur in the event that nbn accelerated the volume of business premises activated, such that targets are achieved 12 months earlier than planned. As nbn operates in a competitive environment for business segment premises, the specific assumptions including volume of premises and ARPU are Commercial in Confidence. However, in summary, a bring forward of this magnitude would equate to higher cumulative revenues of \$1 billion revenue per annum at time of peak funding.